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Contact: Carol Guthrie  
(202) 224-4515

## BAUCUS APPLAUDS MOVE TO LAUNCH LUMBER CONSULTATIONS

*Finance Chairman wants talks to get Canada in compliance with lumber agreement*

*Washington, DC* – Senate Finance Committee Chairman Max Baucus (D-Mont.) today welcomed USTR’s decision to request formal consultations with Canada to discuss whether that country is really abiding by the U.S.-Canada Softwood Lumber Agreement. The agreement, which entered into force on October 12, 2006, was supposed to settle a longstanding and acrimonious dispute regarding imports of Canadian softwood lumber. Questions have already been raised, however, about Canada’s compliance with the agreement.

**“Canada struck a deal on lumber and they need to abide by it. I’ve urged Ambassador Schwab to push Canada on this, and I commend her for taking this first step of requesting consultations. The U.S. trade representative owes it to lumber workers in Montana and across the country to make Canada play by the rules,” said Baucus. “Canada can stick by our deal on lumber, or expect to be taken to the woodshed – in this case, international arbitration - over this dispute.”**

Multiple concerns have been raised about Canada’s compliance with the softwood lumber agreement. Some provinces, for example, have issued new subsidies to their lumber industries that appear to violate provisions of the agreement. And the Canadian federal government does not appear to have properly implemented the Agreement’s “surge” mechanism, which is designed to increase the tax on softwood lumber imports from Canada when the volume of such imports hits a certain trigger point.

The agreement includes a binding arbitration mechanism to resolve disputes such as this. Either the United States or Canada can initiate arbitration by submitting a written request for consultations. If the United States and Canada cannot resolve the dispute amicably within forty days, either party may refer the matter to the London Court of International Arbitration for binding arbitration proceedings. USTR has taken the first step in this process by submitting a written request to Canada for consultations.

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